

STEVENS RESIGNS; NO BIDS ACCEPTED

Army Officers to Direct the Building of Canal.

MAJ. GOETHALS AS CHIEF

Contractors' Offers Are Rejected by the Government.

Two Other Members of Engineer Corps Are Detailed to Assist in Supervising Construction of the Panama Waterway—President Issues Statement Explaining Change in Plans of Administration.

No great surprise was caused by the

official announcement yesterday that all the bids offered for the construction of the new Panama Canal had been rejected and that the work would be done under the supervision of army engineers. This outcome of the seeming uncertainty surrounding the disposition of the bids had been very generally expected.

Coincident with the announcement, which was made by the War Department, a statement was issued from the White House in the form of a letter from President Wilson to Chairman Shonts, of the Canal Commission, in which he said that John F. Stevens had resigned as chief engineer of the canal and that he would be succeeded by Maj. George Washington Goethals, Corps of Engineers, U. S. A., who would be assisted by Maj. David D. Bose Galliard and Maj. William Luther Sibert, both of the Corps of Engineers.

It is expected that Maj. Goethals will, in addition to his duties as chief engineer of the canal, act as chairman of the board of directors. P. Shonts as chairman of the Canal Commission when the latter retires, on March

4, to accept a place with the Inter-Metropolitan Railway interests in New York. Majrs. Galliard and Siberi also will be appointed members of the Canal Commission.

Announcement was made also that Senator Joseph C. S. Blackburn, of Kentucky whose term in the Senate will expire on March 4, will become a Canal Commissioner.

Find the Solution.

The administration, or at least the President, believes that in determining to intrust the construction of the

the supervision of officers of the army or Engineer Corps, the solution of one of the chief difficulties connected with the great waterway project has been reached. This determination, does not mean, however, that the canal will be dug under the direct superintendency of men employed by the United States government and by laborers hired and paid and machinery owned directly by the government. In

fact, the assertion was made this evening that a high authority here quarters that the canal will be "probably" be constructed by private contract under the supervision of army engineers.

Maj. Goethals is in favor of contracting not only for labor, but for material. It is quite likely, therefore, that bids will be again invited for doing part at least of the construction work. Until Maj. Goethals takes a more definite stand on the canal problem by a personal visit to the isthmus, the work will be continued under the existing arrangement. Maj. Goethals will sail for Panama on Friday. He will be accompanied by Majs. Gaillard and Sigsbee.

Considerable mystery surrounds the unexpected resignation of Chief Engineer

Stevens. There are unconfirmed stories that President Roosevelt was dissatisfied with him, but these are apparently disproved by statements made to visitors by the President yesterday of a character highly complimentary to Mr. Stevens' supervision of the construction work.

Many Reasons Advanced.

It is said also that Mr. Stevens was at odds with Chairman Shonts. From the best available source of knowledge

Information was obtained that even the President did not know for a certain time why Mr. Stevens wanted to quit the office of chief engineer. It was explained, as one of the probable reasons for his resignation, that Mr. Stevens felt that he had been criticised by certain members of the Senate at the time he appeared before the Senate Committee on Inter-oceanic Canals, and that this supposed criticism had rankled in his mind.

Another reason advanced was that Mr. Stevens was dissatisfied because of the fact that he had received \$200,000 while other engineers of like reputation and ability were getting much less money under pleasant surroundings. From a person in the confidence of Mr. Stevens it was learned that Mr. Stevens had a dislike of his life in the Stevens since last summer, and believed that for reasons of health and happiness it would be well for him to resign.

He has not made any engagement to work for any other company, and when he returns to the United States, Mr. Stevens will make an extended visit to Europe accompanied by Mrs. Stevens. No official or private expression of what the President thought of the action of the board could be obtained.

Explains Rejection of Bids.

The letter of President Roosevelt to Chairman Shontz gives reasons for the rejection of the canal bids, and tells of the selection of Maj. Goethals to succeed Mr. Stevens. The letter follows:

"Sir: I have considered with much care the question whether the commission should accept the bids for the construction

tion of the Panam Canal under the proposed contract, or should reject them all. There were two bids worthy of consideration. The bid of the McArthur Syndicate at 12 1/2 per cent was the only one which came within the requirements. The Oliver and Bangs bid at 6.75 per cent was rejected as not satisfying the specifications of the invitation. Mr. McArthur and his associates not objecting and preferring this course to an invitation for a new contract, the Government decided to reject his bid with new associates and new financial responsibility; but this permission did not in any way change the situation from what it would have been, had Mr. Oliver's bid in its present form been

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